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The following paper has been agreed by the United States and British Embassies in Cairo. Its purpose is:-

(a) To furnish a joint appreciation of public feeling in Egypt (i) with regard to the presence of British troops, and (ii) on the Sudan question, and of the extent to which the Egyptian Government may be constrained by that feeling.

(b) To study the possible consequences of a breakdown of the Anglo-Egyptian negotiations, including the measures which the Egyptian Government could take to weaken the British position in the Canal Zone, the likelihood of these measures being taken, and the ability of the British to resist them.

(c) To make policy suggestions for the future.

The paper consists of:-

An Introduction giving the events of the last few years:

Part I - the appreciation of Egyptian public opinion

Part II - the study of the consequences of a breakdown of negotiations

Part III - policy recommendations.

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INTRODUCTION

A. The Anglo-Egyptian Treaty of 1936.

1. The Treaty granted to Egypt a substantial part of what Egyptian nationalists had been claiming ever since the beginning of British intervention in Egypt (e.g. Termination of the military occupation and provision for the abolition of the Capitulations), and it was acclaimed at the time as a major triumph for the national cause. Nevertheless it did not satisfy the whole of nationalist claims, in that it accorded His Majesty's Government the right to station troops in a part of Egyptian territory and it re-affirmed Britain's share in the administration of the Sudan on the basis of the Sudan agreements in 1899.

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The 1936 Treaty therefore did not put an end to the "national struggle" for the complete evacuation of all foreign troops and the unity of Egypt and the Sudan.

2. It is in fact doubtful if the 1936 Wafd Government of Nahas Pasha whose policy was "complete independence" (i.e. entailing evacuation) would have signed the Treaty had it not been for the object lesson given by the Italian attack on, and annexation of, Ethiopia that year. In other words, in the eyes of the political classes in Egypt the 1936 Treaty represents a compromise with the "national aspirations" accepted at a time when British support against possible foreign aggression was seen to be necessary.

B. Negotiations for Treaty Revision 1943 - 1947

3. When the immediate danger was past, agitation to secure the remainder of Egypt's rights recommenced. The Egyptian Government asked for negotiations for a revision of the Treaty to be begun in 1945 - only nine years after the date of its entry into force. This was legally inconsistent with Article 16 of the Treaty which stated that with the consent of both parties negotiations for its revision might be entered into after ten years from its coming into force, but that any revision would provide for a continuation of the Alliance between the parties. The Egyptian Government, however, alleged that it was justified in anticipating the appointed time stated in Article 16 because it had signed the Treaty "under duress" - meaning by that, while British troops were stationed in the country. His Majesty's Government, while not admitting that the Treaty had been signed "under duress", agreed to negotiate at that time for a revision (December 1945), and were prepared to contemplate the withdrawal of British troops from Egypt (the Sidky-Bevin proposals) but insisted that provision must be made for the mutual military assistance agreed on in the 1936 Treaty until the expiry of that Treaty. The Egyptian delegation refused to accept the formula for mutual assistance that His Majesty's Government proposed, but it was over the Sudan that negotiations finally broke down. His Majesty's Government insisted that the Sudanese must be free to make their own eventual choice of government and status, while the Egyptian Government insisted that the Sudan be united with Egypt, leaving to the Sudanese only the choice as to the form the union should take.

4. In 1947 the Egyptian Government (Nokrashi Pasha being Prime Minister) appealed to the Security Council on the grounds that the Anglo-Egyptian dispute was likely to endanger international peace. Egypt claimed that the 1936 Treaty was inconsistent with the United

Nations

Nations Charter, with the United Nations Resolution of 14th December, 1948, and with the Convention of Constantinople of 29th October, 1888. The national demands were reiterated: evacuation and the unity of the Nile Valley; and the Egyptian Prime Minister publicly stated the Egyptian view that His Majesty's Government's only purpose in retaining troops on Egyptian territory was in order to maintain ultimate control over Egypt's internal affairs. The Security Council referred the matter back to direct negotiations between the parties.

5. The basic Egyptian demands in all this period have never been modified. "Evacuation" has taken the place of "Independence" which was the formula before 1936, but it is fundamentally the same, since it is now urged that the presence of British troops in any part of Egyptian territory in time of peace is not compatible with Egyptian independence. On the other hand, His Majesty's Government while having offered to withdraw, over a reasonable period, their fighting troops from Egypt, have always maintained that the provision of facilities in Egypt in peacetime (a base and communications controlled in some effective way by themselves) is essential to the defence of Egypt, and that the defence of Egypt is vital in the strategy of the Western Powers in any war.

6. An attempt was made in 1949 to solve the deadlock presented by these two irreconcilable views by holding conversations on a technical level between Egyptian and British Service authorities to explore possible means of co-operation at that level. It was hoped that if it could be shown that Anglo-Egyptian partnership in the operation of a base in Egypt in peacetime were technically practicable that might lead to its becoming politically acceptable. These conversations had the approval of King Farouk, who appeared to be convinced by British arguments of the necessity for maintaining a peacetime base. The Egyptian officers taking part, however, had a too limited authority to discuss the implications of the proposed co-operation and the talks came to nothing.

C. Conversations with the Wafd Government 1950 - 1951.

7. After the advent of the Wafd Government to power again under Nahas Pasha in January 1950, negotiations for the revision of the 1936 Treaty were resumed. Sir Ralph Stevenson started his conversations with Salah El Din Pasha shortly after his arrival in June 1950. Those discussions have proved abortive largely because:-

(a) Salah El Din Pasha has never really sought to reach an agreement but has restricted his efforts to demanding British capitulation to Egypt's "national aspirations". He has consistently

consistently denied the necessity for the presence of British troops in Egypt in time of peace and has refused to consider the problem in relation to the existing world situation. He has demanded total evacuation within one year on the understanding that British troops may return to Egypt in the event of a world war and be granted facilities to be agreed between the two Governments. That is as far as he has ever gone.

(b) His Majesty's Government on the other hand, in making concessions to the Egyptian point of view, have been unable to go beyond the limits of what they considered was required in order to maintain an effective defence system in the Middle East. The minimum British requirements in this respect include the creation of a joint Anglo-Egyptian air defence system and the existence of a civilianised base in peacetime and the Wafd Government rejects these as incompatible with its demand for complete evacuation.

8. With regard to the Sudan, Salah El Din has refused to consider any scheme for the settlement of Anglo-Egyptian differences in this matter which did not include, as a basis, the recognition of the unity of Egypt and the Sudan under the Egyptian Crown. He has refused to accept the British contention that the Sudanese should be free to choose for themselves their future relationship with Egypt, in spite of the assurance that, should the Sudanese freely choose unity under the Egyptian Crown, Britain will respect and accept such a choice. His Majesty's Government for their part cannot, in view of their undertaking to the Sudanese, go further than this to meet the Egyptian demand for "unity of the Nile Valley under the Egyptian Crown".

9. An explanation of the obstinacy of the Egyptian Foreign Minister was given in a private conversation between him and the British Ambassador on July 25th, 1951, when the former said that no Egyptian Foreign Minister in his position would think of taking a different line from the one he had followed. He said that the failure of the 1946 negotiations had been largely due to the Wafd; they had continued to voice ultra-nationalistic and intransigent political views right up to the time of their assumption of power at the beginning of 1950 and they could not back down now. He was ready to admit that this attitude might have been unwise but he found himself in an impossible position as a result of a year's conversations with the British Ambassador and nothing to show for them. At the same time he agreed that since their assumption of power the Wafd had greatly disappointed the country as a whole. He agreed that their internal policy had been disastrous. He admitted the widespread inefficiency and corruption and even went so far as to agree that the Wafd were using

foreign

foreign complications in general and relations with Britain in particular to cover up their internal shortcomings and difficulties. This unusual and very frank admission should not be overlooked when considering the reasons for the present impasse.

D. Present Situation.

10. Salah El Din Pasha has announced officially to the British and United States Ambassadors that he would have to make a statement on the negotiations to the Egyptian Parliament before the end of the present parliamentary session, and has stated to the United States Ambassador that this statement will probably have to include an undertaking to abrogate the 1936 Treaty before the opening of the next session in November.

11. Although there is some evidence that all members of the present Cabinet may not be equally resolved either on breaking off negotiations or committing themselves more definitely to abrogation in November, and although the King has let it be known in confidence that he is opposed to abrogation, we do not believe that the Cabinet will split on the question, because, (a) party interest and the desire of most Ministers to retain office for reasons of personal profit are likely to prevail over differences of policy or principle among them, and (b) they probably think that if they appear united on the question of the "national aspirations", the King, who cannot afford to appear less patriotic than his Ministers, may not dare to dismiss them in the hope of obtaining a government that will continue to negotiate. The King is, in fact, almost as much bound by Wafdist slogans as the Wafd themselves. Here advice from him is unlikely to be very effective and we do not believe that he has the will, the courage and the popular support necessary to enable him to dismiss the Wafd and rule personally.

PART I

Background for assessment of public feelings about British troops and on the Sudan question.

12. Such feeling are present in differing degrees in different classes and groups. In Egypt, as elsewhere in the Orient, a population passionate and violent by nature and little trained in habits of critical thought or self-command, can be easily and quickly led to attribute genuine feelings of, say, frustration, discontent and wounded pride, to causes which are not necessarily the true ones but which may be suggested to them by demagogues long practised in playing on popular emotions. To this extent, therefore, public feelings on the subject are induced rather

than

than spontaneous.

13. No Egyptian politician can afford not to pay, at the least, lip service, to anti-imperialist principles, which are essential to his political career. In the popular mind also "anti-imperialism" is synonymous with the desire to "get rid of the British". Most of present day Egyptian politicians also have grown up in an atmosphere of anti-British agitation, some of them suffered for their patriotic principles in their youth, they have founded their whole political careers on these principles and they have grown used to evoking the plaudits of supporters by reiterating them.

14. Not all the leaders or potential leaders of the nation, however, are candidates for office. There is a part of the Pasha class, whose primary interest is businessland, commerce and industry. It may be that these men are no less patriotic than anyone else, but they look at affairs from the point of view of what is best for business, and in general they are not anxious to see a rupture of relations with Britain of a type which would result in widespread violence and upset of economic equilibrium. Although a number of them owe their wealth to the economic stability which followed from foreign control of Egypt and frequently express friendly sentiments towards the British in private conversation, none dare say this publicly and whenever members of this class do become candidates for office they adopt the traditional and necessary slogans.

15. Of the population as a whole a very large part, perhaps as much as three-quarters, consisting of cultivators and workers at a very low standard of subsistence, have no strong feelings about the presence of British forces or the Sudan question. They are concerned with the business of getting enough to eat which is gradually becoming more difficult. They are almost entirely illiterate and exceedingly ill-informed about everything except their own daily labour; but they are by nature passionate, prone to violence and extremely quick to resent any offence of their "honour". Their habits of resenting and avenging such offences make them the more susceptible to suggestions that their pride or honour has been offended and they are therefore good material for the mob-orator.

16. The active agitators in the country are a minority. The press has an influence out of proportion to its quality and circulation. Its owners naturally use it for their political ends, its editors are for the most part venal, and the majority of its journalists are ill-educated and unscrupulous. There is no paper which does not take an anti-British line and, at the present time, this line is supported by every kind of invention designed to inflame feelings against the British.

Sometimes

Sometimes the attitude of the press to the United States is little better.

17. Within the general framework of support of the national aspirations, to which every politically conscious Egyptian must subscribe, there are certain pressure groups claiming to be more genuine in their efforts of anti-imperialism than others and advocating more violent methods. Of these the most important is the Moslem Brotherhood in whose programme the traditional and historical hostility of Islam to the West becomes political anti-imperialism, and in whose ranks anti-British agitation becomes infused with a religious fanaticism. The Moslem Brotherhood, however, by advocating fundamental religious and social reforms constitutes something of a danger for the present native ruling class who are likely to do their best to curb its extreme manifestations. It suffers also at present from a lack of inspiring and efficient leadership.

18. Groups of communists and fellow travellers exist; they appear to be increasing in importance and attempting to infiltrate into the extremist parties. In accordance with communist practice, they agitate constantly for the removal of British troops from the country.

19. The members of these groups, whether Moslem Brotherhood, communists or socialists, are drawn very largely from an urban class chiefly of young men. They have received an education in secondary schools and universities which is superficial by our standards, and has included little or no training in discipline or habits of analytical and critical thought. This class of students, teachers, minor civil servants etc. is genuinly and justifiably discontented with the state of affairs of Egypt; they are disappointed in the old nationalist leaders and sincerely desirous of reform. For the most part they accept the axiom that reform is impossible while Egypt's independence is incomplete i.e. while British troops remain on her territory.

20. Egyptian society today is subject to severe internal strains. There are conflicts of interest between the classes which reflect a classic Marxist pre-revolutionary situation. The anger and sense of frustration, which are very widely spread in the middle and lower classes, do not in reality arise out of the presence of British troops or out of Egypt's inability to assert her "rights" over the Sudan. The true causes of these feelings are in fact the administrative ineptitude and corruption bringing about an internal situation in which not only are the interests of the Western powers endangered but the mass of the native people suffers increasing poverty, misery and injustice. The Egyptian people have suffered under corrupt and inefficient administrations for many centuries. The anger of the peasants is unlikely to burst out spontaneously in insurrection, but a politically conscious class has

been

been created whose agitation is being directed more and more now towards social revolution. The difficulty is that, not only have the older nationalist leaders conditioned their followers to respond automatically to the cry that the British are to blame for the state of the country, but the newer agitators for social reform also teach the people that it is the British who back up governments of Pashas and "traitors" and so encourage and perpetuate the misgovernment under which the people suffer.

21. Given these growing forces of discontent, manipulated by men who are without immediate hope of political office through constitutional means, the question is not so much whether the Wafd, or any other government of the constitutional parties would rouse the rabble to support them in forcing evacuation as, can they stop the rabble rising if internal conditions get much worse. There is material in the big towns of Egypt for the worst kinds of mob violence and brutality, and there is always the possibility that any popular demonstration will get out of hand and degenerate into mob outbreaks or wide insurrections which would defeat the government's forces. The mobs of Egypt have been taught for so long that it is the British who are to blame that any such outbreak is bound to be directed against British people and institutions here, and, in the breakdown of order and restraints upon the natural violent and xenophobic character of the Moslem Egyptians, foreigners and Christians of all nationalities will suffer.

22. Against this background the following summary is presented of Egyptian feelings on:

(a) Presence of British troops.

(i) Adherence to the policy of "evacuation" is necessary for a political career and most party leaders, whether personally convinced of the rightness of this policy or not, feel that they have nothing else with which to attract supporters.

(ii) Passions have been so roused in certain groups over the question that there is an actual physical danger to any political leader who lays himself open to a charge of "betraying the national ideals". Murder is still a current political weapon.

(iii) The property-owning class, the industrialists and wealthy merchants are anxious at all costs to maintain the present social order. Though some say privately that they regard the presence of British troops as a guarantee of this, none dare admit it openly.

(iv) Almost

(iv) Almost all Egyptians of the political class believe that Britain's real purpose in retaining troops is to be able to control the internal affairs of Egypt, and few if any of them have a sound understanding either of the danger that Russia constitutes or of what preparations for defence against that danger involves. They cannot therefore see the necessity for maintaining a British base in Egypt in peacetime and resent what they believe to be a threat of intervention.

(v) This class also feels that no internal reforms are possible while Egypt is not fully independent. This feeling is exploited by definite groups whose policy is reformist or revolutionary; Moslem Brotherhood, Communists and small fellow-travelling groups which are at present ill-organised.

(vi) Through the propaganda of these groups, which the governing parties will not, or cannot, check or correct, the presence of British troops is blamed for most of the ills which the mass of the people undeniably suffer. Among a people so ignorant and so ready to believe anti-British explanations of common grievances receive a good deal of credence.

(vii) Active agitation against British troops is confined to the "political class" - a[illegible] one quarter or less of the population. The remainder, peasants and poor urban workers, feel no spontaneous indignation at the presence of a British base, but their discontent with social and economic conditions can be easily focussed by demagogues on the "occupation". Consciousness of the evils of corruption and social abuses is growing and the day may soon come when agitation for social revolution may gain as much acceptation as quickly as agitation for evacuation now does. But the history of Egypt since the occupation makes it inevitable that the two themes are at present intertwined.

(b) The Sudan.

(i) All Egyptians outside the "political class" are indifferent to the Sudanese question.

(ii) Within the "political class" it is a matter of national prestige and sentiment. They have also an underlying fear that a completely independent Sudan could, if it wished, threaten Egypt's water supply.

(iii) There

(iii) There is therefore wide potential support for demagogic agitation for Egyptian control of the Sudan out of a sense of self preservation among a people traditionally sensitive to any threat to their water-rights.

(iv) Most Egyptians, even of the best educated and most widely traveled class, are very ignorant of the Sudan. The people as a whole look upon the Sudanese as a strange and not altogether friendly people - in much the same way as they regard the Arabs of the desert and Delta fringe. There is a deep-seated fear that an independent Sudan might be hostile to Egypt.

(v) The claim to the Sudan and the insistence that the Egyptians and the Sudanese are one people, has the advantage of exploiting the mystique of "unity" which, for historical reasons has acquired great evocative power among the Arabic-speaking Muslims since the beginning of the century.

(vi) The conviction of politically conscious Egyptians that whoever controls the Sudan can hold Egypt to ransom, leads them to believe that Britain designs to prolong the occupation of the Sudan, or to make the Sudan "independent" under British suzerainty in order to have an additional means of exerting pressure on Egypt.

PART II

Consequences of a breakdown of Negotiations

A. The action that the Egyptians could take.

B. The action that they are likely to take.

C. What effect would this action have taking into account the ability of the British to resist it?

A. (1) Having announced the breakdown of the negotiations, the Egyptian Government would follow this with a denunciation of the 1936 Treaty and the 1899 Sudan Agreements. It might then:

(a) either declare that the British troops constituted an enemy occupation, and appeal to the United Nations, or

(b) with or without such a declaration, announce restrictive measures and regulations to deny facilities to the British forces.

(2) If the Egyptian Government chose direct action, the most important measures it could take against the British forces in the Canal Zone would be:

(a) the denial of labour (at present about 60,000 Egyptian labourers are employed, including casual labour and contractors' labour).

(b) the denial of port facilities to ships carrying supplies to the British forces and an attempt to exclude all British forces from Egyptian-controlled ports (e.g. Port Said, Suez).

(c) the denial of Egyptian currency for British military expenditure.

(d) Various measures of administrative obstruction directed against the British forces as a whole or individuals, e.g. prohibiting British officers and men visiting areas outside the Canal Zone; vexatious regulations applying to British military personnel arriving at airfields and ports outside the Zone; preventing traders, local food purveyors and contractors dealing with the British forces; etc.

(e) Simultaneously with the measures referred to in (d), the encouragement of subversive activities and the enforcement of non-co-operation amongst the local inhabitants by pressure and intimidation. This could be backed up by direct action, including

organised/

organised murder, against collaborators and British personnel.

(3) (a) The Egyptian Government might also choose to take action against British interests in Egypt generally in addition to measures directed solely against the forces in the Canal Zone. For example, it might impose restrictions on navigation in the Suez Canal either by denying port facilities to British ships and ships carrying cargoes for the United Kingdom or by closing the Canal entirely, by administrative obstruction, to such ships; it could require the British to pay Suez Canal dues in gold and dollars, it could also stop the export of Egyptian cotton to the United Kingdom (and the sterling area), or require the sterling area to pay dollars for all Egyptian exports.

(b) It could also take various measures of administrative obstruction against British schools and institutes, business concerns, and individual British subjects and their property.

(c) There would probably be anti-British demonstrations, but the Wafd Government would try to keep demonstrations within limits owing to fears that, once begun, they would end by being directed against itself. Small demonstrations and unpleasantnesses against British subjects generally could however be expected to continue unchecked and might indeed become widespread.

B. Action the Egyptians are likely to take.

(1) They will probably consider that they can abrogate the Treaty without any fear of a forcible reaction on the British part because

(1) The British are under the restraints imposed by the United Nations
(2) The Persians seem to be getting away with the unilateral cancellation of an international agreement.

(2) Though their last appeal to the United Nations was unsatisfactory, the recent history of the Suez Canal resolution may encourage the Egyptians to believe that they will be more successful this time. They believe Britain to be in a weaker position than before, not only physically, but in the United Nations; they can count on the support of the "anti-imperialist" Asiatic and African members, and possibly on the support of the Soviet bloc and on the abstention, if not active sympathy, of other countries, including some Latin American members.

(3) In going to the United Nations they would hardly expect to obtain the passage of a resolution ordering British evacuation. But they might hope either to secure some resolution recommending a solution on terms that took account of Egyptian national aspirations, or to demonstrate to their own people that no satisfaction was to be obtained from the United Nations after which they might feel more confident in proceeding to direct action.

(4) It seems/

(4) It seems likely then that, while having no hopes of a clear and complete success in the United Nations, the Egyptian Government will take its case the This course, preceded by abrogation of the Treaty, could be ted as decisive action to the people who clamour for it, an. ld appeal also to the more cautious Ministers and to those e its of the population who fear the consequences of direct action against us. Nevertheless, this would be only postponing some form of direct action.

(5) If the Egyptian Government decided to take the case to the United Nations it is improbable that it would at the same time take any direct action in Egypt of a kind that would force the issue and prejudice international opinion against it.

(6) The Egyptian Government is aware of the danger to public order in Egypt which would ensue if the public were encouraged to believe that the protection of Egyptian law was to be withdrawn from British personnel. Broadly, the Wafd Government is not likely to take any direct action of such an overtly hostile character that it would encourage independent action by extremist groups or mobs, since such movements might easily get out of control and be used against the rulers themselves. Nevertheless the possibility of a sporadic murder campaign organised by extremist elements such as the Moslem Brotherhood cannot be altogether excluded.

(7) The Egyptian Government's most likely action, after airing its grievances in the United Nations, would be to institute the non-violent restrictive and obstructive measures indicated in A(2) with the primary object of convincing the British that it means what it says about non-co-operation and of demonstrating that by refusing to cooperate it can make the base useless.

(8) As regards the measures referred to in A(3), it is likely that the Egyptian authorities would encourage obstruction and unpleasantnesses in order to demonstrate to the world the depth of popular feeling in the country against the British. The more serious economic and financial measures would probably not be taken for at least several months; and further restrictions on ships and cargoes in the Suez Canal would probably not be imposed at all, from fear of wide international repercussions.

C. What effect would such measures have on the British forces?

(1) (a) Some of these measures would not be completely effective. As regards a boycott of Egyptian labour, for instance, the majority of the labourers in the Canal Zone would be thinking primarily of their own bread and butter and might resist Egyptian orders to withhold their co-operation, at any rate after the initial

period/

period of excitement and at least until they had been intimidated by, for instance, a number of assassinations. Even if by inducement or intimidation Egyptian labour were cut off from the base, it could be kept going by the introduction of a small number of skilled workers from outside.

(b) A refusal of facilities for the unloading of stores for the forces in the Canal Zone could be countered by using the Bitter Lake ports on which the British forces can maintain a firm hold.

(c) Vexatious measures such as those in A(2)(d) would make life more irksome for British personnel but would not seriously interfere with the maintenance of the base.

(2) By themselves the measures referred to in (1) would not make the position untenable. The British forces could meet any of these milder forms of direct action passively and, though suffering some inconvenience, not be seriously affected. If the Egyptians, risking involving other nations, were to have recourse to stronger measures, such as seriously hampering navigation in the Canal or closing it altogether to British shipping and waging the sort of economic and financial warfare against British that is mentioned in A(3)(a) Britain could retaliate actively and efficiently; notably, by cutting off practically all white oil supplies to Cairo and by imposing financial restrictions on Egyptian trade. The latter would damage British economy severely but would have a proportionately greater effect on Egyptian economy. This would be particularly so in the coming cotton season.

(3) The Egyptian Government is well aware of the British ability to retaliate. The breakdown of the Egyptian economy which would follow such retaliation might threaten the existence of the present social system and would therefore be opposed by all those who have a stake in it. Moreover, many of the more intelligent Egyptians believe that if the country collapsed into anarchy there would again be foreign intervention to restore order - either by Britain alone or by America and Britain, and thus, as far as the "national aspirations" go their last state would be worse than their first.

Nevertheless, in dealing with the question of the British forces, the Egyptians as a whole are likely to be guided less by logical considerations than by their emotions.

PART III/

PART III

Conclusions and Recommendations.

From the foregoing analysis we draw the following conclusions:-

(a) None of the present political leaders in Egypt would ever be courageous enough morally or physically to deviate from the slogans of "evacuation" and "unity". Although active feeling in support of these slogans is confined to the politically conscious class, i.e., perhaps one quarter of the population, the discontent of the remainder with social and economic conditions could at the present time readily be focussed on the "occupation". There is deep-seated fear that an independent Sudan might be hostile to Egypt and a threat to her water supply and a conviction that Britain intends to prolong her control over the Sudan so as to hold Egypt to ransom.

(b) Unless an offer can be made to the Egyptian Government which appears to it acceptable as a basis of negotiation for the settlement of the questions of defence and of the Sudan, we will shortly be faced with the unilateral abrogation of the Treaty of 1936 by Nahas Pasha's Government followed by a series of administrative and other measures directed against the British forces in the Canal Zone which while not making their position altogether untenable will greatly increase the difficulties of the British military authorities for as long as they are maintained. These steps may be accompanied by anti-British demonstrations which, however, the Egyptian Government will do its best to keep within bounds in view of the danger of such demonstrations, once begun, turning against it. It may be that it will not succeed. The Egyptian Government will also declare that in the event of a major war Egypt would maintain her neutrality. This would gravely prejudice the usefulness of the Egypt base and the wartime strategy of the Western Powers.

(c) Recourse by the Egyptian Government once more to the United Nations is a strong probability.

(d) Much depends on King Farouk who accepts the principle of military cooperation with Great Britain but is likely to shrink from an open break with the Wafd. Moreover the possibility of his having to yield to the pressure of extremist opinion cannot be excluded.

(e) The new approach to the defence problem now under consideration by the United States Government and His Majesty's Government is unlikely to appeal to Egypt unless the greatest weight is given to Egyptian feelings in formulating it.

(f) It is regarded as axiomatic by the military authorities that there is no alternative to the Egypt base in wartime and that unless that base is in existence in peacetime in a rapidly expansible for and is adequately defended from air attack there/.

attack there is grave risk that the Middle East may be lost. In order to preserve and use this base a minimum of co-operation on Egypt's part is essential.

(g) The required minimum of co-operation will not be forthcoming from Egypt unless she is, so far as appearances are concerned, placed on a basis of complete equality with the other Powers participating in the proposed Middle Eastern Defence Organisation.

(h) No Egyptian Government would be ready to enter into a defence agreement without a simultaneous settlement of the Sudan question.

(i) There is no guarantee that any Egyptian Government would in the end be courageous enough to accept an offer, however generous and sincere, that fell short of the accepted slogans of "evacuation" and "unity".

Recommendations.

On the basis of these conclusions and on the assumption that it is regarded as essential to make an all-out effort to reach agreement with Egypt, we make the following recommendations:-

I. The new approach to the defence problem should be made jointly by Great Britain, the United States of America and possibly France and should have the diplomatic support of Turkey. It should be made with the least possible delay.

II. Egypt's right as a sovereign power to demand the withdrawal of foreign troops from her soil must be publicly recognised, provided that she has agreed to furnish the defence facilities required by the Allied Command.

III. The Treaty of 1936 should be abolished and replaced by a multilate agreement to set up the Command organisation.

IV. Renewed consideration should be given to the possibility of acco public recognition to the legal and constitutional status of th Egyptian Crown in regard to the Sudan.

V. An early date should be fixed for the attainment of self-gove by the Sudan and the principle of self-determination for the should be maintained.

VI. Further thought should be given to the possibility of an guarantee of an Egypto-Sudanese Nile Waters agreement.

VII. Urgent

VII. Urgent consideration should be given to the political and military implications of a failure to reach agreement and the consequent deterioration of the situation on the lines of Conclusion (b).

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